Unknown

From: Fagerstrom, Erika (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EFAGERSTROM]
Sent: Sunday, July 15, 2007 8:25 PM
To: 'gov.sarah@yahoo.com'
Subject: Re: Account Ready for AK Cleaners

Hello Governor,

You're welcome! No problem, we'll round up one of the coffee makers.

That's exciting that you're having lunch with Michael W. Smith and his family! :)

Erika

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: Fagerstrom, Erika (GOV)

Sent: Sun Jul 15 20:03:33 2007

Subject: Re: Account Ready for AK Cleaners

Thanks! Also, would u remind me to pack one of the small coffee makers for my Michigan and DC trip that I leave for on Wednesday. I think they're in the guest rooms closet.

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Fagerstrom, Erika (GOV)" <erika.fagerstrom@alaska.gov>

Date: Fri, 13 Jul 2007 16:25:22

To:gov.sarah@yahoo.com

Cc:"Perry, Kristina Y (GOV)" <kris.perry@alaska.gov>,"Mason, Janice L (GOV)" <janice.mason@alaska.gov>

Subject: Account Ready for AK Cleaners

PRA_GSP01_0003165

Hello Governor,

The account at Alaska Cleaners is AK43254 and titled Office of the Governor. If additional staff or family members need to be added to the account, please let me know. The account is good at all of their Anchorage and Wasilla locations.

I really look forward to seeing you and Willow! Piper has an open TA to return to Juneau, and there are picnics scheduled in Anchorage to process another TA. Just a thought...

Have a great weekend!

Erika

Hi Kris,

Please have someone collect the receipts and send them to the House, as they're paid through that account. If there are any problems, please let me know right away so we can work them out.

Erika Fagerstrom

Executive Residence Manager

Governor's House

State of Alaska, Office of the Governor

716 Calhoun Avenue, Juneau, Alaska 99801

Phone: 907-465-3500; Fax: 907-465-2031

PRA_GSP01_0003166

Unknown

From: PARNELL, S (GOV sponsored) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SRPARNELL1]
Sent: Sunday, July 15, 2007 7:39 PM
To: 'gov.sarah@yahoo.com'
Subject: Re: Capitol Creep

Thank you for that. Maybe if they find out you're in Juneau Monday they'll forego flying into Ketchikan to show up at my speech. :) just kidding

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: PARNELL, S (GOV sponsored)

Sent: Sun Jul 15 19:28:07 2007

Subject: Re: Capitol Creep

I'll be in juneau tomorrow, perhaps also having to put to rest rumors that the capitol's moving. Nothing has changed in all these yrs I've supported accessability to lawmakers and even campaigned on the notion that conducting meetings and even on on special session along the road system really isnt such a bad idea. I got elected despite my position on that! But no cap move. Nothing's changed, either, w/ my position on not requiring every commissioner to live in Juneau but instead to be where their departments and the people they're serving need them to be (other admins also allowed commissioners to live where needed, but the governors wouldnt publicly admit that). Expectation is theyre in Juneau for session tho.

They dont need to put their homes up for sale, they need to chill, they need to realize Ive always supported on on special session on the rd system (but leggies got to call their's first w Sr Care - and it worked out fine)

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "PARNELL, S (GOV sponsored)" <sr.parnell@alaska.gov>

Date: Fri, 13 Jul 2007 16:39:09

To:gov.sarah@yahoo.com

Subject: Capitol Creep

Good day! Next week I will be in Ketchikan speaking to the Ketchikan Rotary (Tuesday). I'm told a group of 15 people from Juneau will fly in for the meeting and I expect them to ask questions about "Capitol Creep." Can you let me know how you have been addressing such

PRA_GSP01_0003167

questions, if at all, or if you have any suggestions for me. (Particularly as it relates to the PPT special session).

The only other related question I anticipate would have to do with the Marine Highway System headquarters remaining in Ketchikan. I don't anticipate you changing AMHS headquarters back to Juneau, but if asked the question do you have anything I should say or know? Thanks!

Sean

PRA_GSP01_0003168

Unknown

From: gov.sarah@yahoo.com
Sent: Sunday, July 15, 2007 7:28 PM
To: PARNELL; S (GOV sponsored)
Subject: Re: Capitol Creep

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Sent from my BlackBerry® device from Cellular One

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From: "PARNELL, S (GOV sponsored)" <sr.parnell@alaska.gov>

Date: Fri, 13 Jul 2007 16:39:09

To:gov.sarah@yahoo.com

Subject: Capitol Creep

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Sean

PRA_GSP01_0003169

From: Irwin, Tom E (DNR) [tom.irwin@alaska.gov]
Sent: Sunday, July 15, 2007 6:44 PM
To: George Matz; Irwin; Tom E (DNR)
Cc: Palin; Sarah H (GOV); Lefebvre; Richard A (DNR); Rutherford; Martha K (DNR)
Subject: RE: DNR Media Release

George, thanks for the email. If you would like to visit directly please send your phone number and I will call. I think it would be good to visit. I think we both care about the same things very much. Tom

-----Original Message-----

From: "George Matz" <geomatz@alaska.net>

To: "tom_irwin@dnr.state.ak.us" <tom_irwin@dnr.state.ak.us>

Cc: "sarah_palin@gov.state.ak.us" <sarah_palin@gov.state.ak.us>

Sent: 7/15/07 2:39 PM

Subject: DNR Media Release

George Matz

PO Box 15182

Fritz Creek, AK 99603

July 15, 2007

Commissioner Tom Irwin

Department of Natural Resources

400 Willoughby Ave., Suite 500

Juneau, AK 99801

Dear Commissioner Irwin:

In all the years that I have lived in this great state, I can't recall any prior incident where the Commissioner of the Department of Natural Resources (DNR) has taken it upon him/herself to attack well meaning citizens who seek greater assurance that; 1) Alaska's renewable resources will be managed in an ecologically safe and sustainable manner, and 2) that the development of

one resource will not have a predatory effect on other resources. Your July 3, 2007 DNR Media Release is such an attack. It brazenly claims that there is a "growing trend of anti-resource development initiatives" that are "subverting" DNR's mine permitting process. It even implicates several individuals - including me (the Homer resident that proposed a fish refuge to the Board of Fisheries).

I am offended by your attack on me and others. I think your "anti-resource development" characterization widely misses the point. Your statement doesn 't appear to be sensitive to the differences between conservation (i.e., maintaining supply) and development (i.e., allocating and meeting demand). Conservation, which tends to restrain consumptive use of resources, is not "anti-resource development" but an investment in the future. Without conservation, the insatiable demand for a resource might lead to its extirpation and/or predation on other resources. If so, the result will be reduced opportunity for future development.

When I submitted Proposal 121 to the Board of Fisheries, which asked for their recommendation to establish a fish refuge on state-owned waters in the Lower and Upper Talarik Creeks and the Koktuli River, I was addressing the conservation authority of the Board of Fisheries rather than its development (allocation) authority. Obviously, concern about potential environmental impacts from the proposed Pebble Mine was part of my motivation, but I was clear in stating that my intent was to help clarify what is otherwise an amorphous situation for measuring the impact on fisheries from nonrewable resource development - such as mining.

As I see it, DNR's mine permitting process is more about articulating efficient coordination between agencies and permit applicants than it is about compliance with a rigorous set of standards. Existing permit requirements allow wide latitude for subjectivity and discretion. For example, to obtain a state water rights permit, AS 46.15.080 provides criteria relative to fish or wildlife which requires only that "the commissioner shall consider.the effect of fish and game resources and on

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public recreational opportunities." All that is needed is documentation that fish and game impacts were given cursory review before a permit is issued - which may or may not be detrimental to these resources.

A Title 41 (fish habitat) permit provides somewhat better direction by stating that a permit can be denied if the "deputy commissioner finds the plans and specifications insufficient for the proper protection of fish and game." But the 2003 Executive Order that moved Habitat from the Department of Fish and Game (DF&G) to DNR certainly lowers the bar, which was its intent.

When the Division of Habitat was in DF&G, its mission was "to protect, maintain, enhance, and restore habitat for fish and wildlife consistent with sound conservation and sustained yield principles." Furthermore, since DF&G 's agency culture tends to be biased towards protecting resources (which is as it should be), Habitat was doing its job by being proactive about habitat protection and being involved in more than just permitting.

With the transfer of Habitat to DNR, not only was it reduced from a division to an office, but its emphasis became expeditious permitting. According to the Office of Habitat Management and Permitting (OHMP) FY 2004 budget, its mission became "timely permit review and approvals for projects affecting anadromous waterbodies and fish-bearing waters." Furthermore, being in DNR, which has an agency culture biased towards mitigation rather than protection (which is as it should be), OHMP is less likely to comply with DF&G's precautionary approach for sustainably managing salmon fisheries (5 AAC 39.222) which says in part that "salmon habitats should not be perturbed beyond natural boundaries of variation." Based on your letter, this might be deemed as "anti-resource development."

My purpose in submitting Proposal 121 was not to stop the Pebble Mine, but to raise the bar and require a higher level of compatibility with fisheries than that required by existing permits for any mining venture. In fact, the

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proposal says, "if nonrenewable resource developers are able to internalize their costs and achieve 'no net loss' of the regions fisheries, not only would they be unaffected by this proposal, but they should support the proposal."

Furthermore, in my testimony to the Board of Fisheries I presented the following.

"What this proposal DOES NOT do?

1. Does not prohibit any mine that can achieve "no net loss" of wild fish that spawn or rear in these waters.

Proposal 121 is about protecting fish habitat, not mining. Nor does it ask the Board of Fisheries to become mining experts. Although it does create conditions which should result in better internalization of environmental costs, particularly fisheries, it doesn't attempt to make any judgment about the feasibility of any mine that might impact fish habitat. That decision is up to those who hold the mining claims. If a mining plan can internalize its environmental costs, thereby having no significant impact on fish native to the waters being impacted, there is no reason why it should not proceed to development, even if adjacent waters have been designated a fish refuge."

I thought that this was the proper time to submit this proposal because I didn't think it was fair to the industry to "wait-and-see" and then suggest these changes after permits had been applied for.

Unfortunately, expectations regarding the possible extent of the Pebble Mine have not been tempered by a balance between conservation and development. It now appears unlikely that the scale of development being discussed could internalize all of its environmental costs. But maybe if exploration plans were initially constrained by a refuge, Northern Dynasty would have concentrated more on what it is feasible with respect to the interests of other resources and resource users than what is optimal from their

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perspective. Not every ounce of gold needs to be extracted. That obviously isn't happening which to me is a failure in the permitting activities that are ongoing between Northern Dynasty and DNR.

I can assure you that there is no conspiracy behind the separate, though related, actions referred to in your letter. Based on the strong public support that I received for my fish refuge proposal, I would be more inclined to say that it's not a conspiracy but a growing concern that DNR's mine permitting process is not doing the job. Maybe DNR's recent streamlining efforts have eliminated more than redundancy.

Your assertion that "Alaska has a world-class system in place" seems to be swayed by mining company advertisements that continuously trumpet Alaska's rigorous permitting process. This claim is never backed up with any reference as to who made this determination or whether it even applies to mining. (It might be accurate if speaking just of cruise ship regulations). In contrast, the Fraser Institute 2006/2007 Annual Survey of Mining Companies indicates that Alaska's permitting system is viewed favorably (i.e., not rigorous) by the mining industry. Among 65 governments and 14 U.S. states, Alaska was ranked 12th best internationally and 3rd best among U.S. states with regards to uncertainty in the administration, interpretation and enforcement of existing regulations not being a deterrent to mining. Alaska ranked 41st internationally and 5th best among U.S. states with regards to environmental regulations not being a deterrent to mining.

Your letter ends by stating that DNR may conduct a "series of workshops on resource permitting and regulation" and "allow for input on how to improve the process." This is strikes me as the proverbial "closing the barn door after the horse got out." Trying to apply any improvements to ongoing mine development plans will elicit charges from the mining industry that you "can 't change horses in the middle of the river." Nevertheless, I would like to "jump the gun" and suggest what are in my view four serious flaws with the

PRA_GSP01_0003174

current permitting system.

1. There is no "if." - For any large project like the Pebble Mine, the permitting process should be a two step effort. The first step should be a reconnaissance level analysis to determine "if" the project should be built (similar to AS 44.83.177 and AAC 94.055 that previously applied to Alaska Power Authority projects). Are there possible fatal flaws? Does the site have potential for severe impacts to the public and public resources? There are all sorts of siting laws that provide precedence for this type of review. If project review passes this stage, then emphasis should be on approving design and prescribing mitigation requirements.

Unfortunately it appears that "if' is not an option in DNR's permitting process. To illustrate, DNR's FY 2005 Operating Budget lists key department challenges with respect to mining projects. The document says, "An important challenge for Alaska is completing the permitting to enable the development, or continued development, of Alaska's Large Mines." In other words, a permit is virtually assured. By giving away this leverage, it appears as if permitting is more a negotiation exercise than regulatory.

2. Lack of checks-and-balances - As Commissioner of DNR and an accomplished and respected mining engineer, I'm sure that your decisions to permit the Pebble Mine will be based on a sincere effort to do what you think is in the best interests of the state. The problem is that an equally accomplished, respected, and sincere biologist might reach a totally different conclusion. So who is right?

In a properly working democratic government, the agencies for each perspective should be given an unfettered opportunity to present their perspective on an issue. Although someone still has to make the decision, the crucial question is; has the opportunity to hear all reasonable perspectives been taken into account? Based on recent reports (e.g. Chickaloon coal plan), it seems that DNR's efforts to concentrate resource permit decisions within the department in order to streamline the permit

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process has been at the expense of a comprehensive review of impacts on resources (fish and game) that are supposed to be managed by DF&G.

3. Rigorous standards - In my view, a resource permitting system that is "effective, fair and responsible" and fiscally conservative is one that internalizes not only monetary costs, but also environmental and social costs. In essence, if no costs are being imposed on anyone else, there should be no defendable reason to oppose a project. What could be fairer? While that may be the goal, as we know, not all goals are reached. So how do you decide if falling short of the goal might still be acceptable?

First of all, it needs to be determined where a proposed project does actually fall short of its goal. Those sponsoring a project need to provide a comprehensive measure of project impact. What are the ambient conditions for air, water, and land quality as well as its respective fauna and flora? This analysis already is part of the state's process.

Then, how do these conditions compare to those expected during operation of the project and after the project is put to bed. If there is no net effect, or even enhancement, costs have been internalized. But if there negative differences, focus on these differences narrows the basis for deciding whether or not a project is acceptable. Furthermore, the benefits and costs incurred in reducing these differences can derive some estimate of opportunity cost.

So how does all this information come together in terms of a final decision?

I think the answer can be found in an economic method called the Safe Minimum Standard (SMS). This method establishes a standard that becomes the bottom line in deciding whether or not a proposed change (e.g. resource development) to existing conditions is acceptable. If lack of change results in opportunity costs that are unacceptably high, then change is allowed. This may still result in honest differences of opinion, particularly when

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comparing the value of one resource to another, but at least it narrows the discussion to the essence of the issue.

4. Public process - Although DNR may think it is not yet time to actively involve the public in the Pebble Mine process (e.g., scoping meetings), even though it has been contractually involved for a couple of years now, I see the blitz of media ads and letters-to-the-editor on Pebble as an indication that DNR's public process (or lack thereof) is not doing the job. Obviously, the public thinks that now is the time to discuss matters.

The delay by DNR to involve the public is likely to lead to a situation where stakeholders have an unreasonable short time to review reams of complex documents regarding project impact (e.g., Rock Creek permitting process). DNR may technically be in compliance with public process laws, but this certainly subverts any meaningful opportunity to make any changes to what the agency may have already decided.

As I implied earlier, once you look past the advertising slogans there appears to be nothing especially rigorous about Alaska's mine permitting process. While it is not laissez faire, as it is in some countries, it also is not one that rejects any permit applications or sets standards that can not be met by virtually any project. Given the reputation that some are prone to attribute to this state, I think we need to do better.

In closing, I believe the assertions in your Media Release are strongly biased and lack a conservation perspective. Furthermore, these statements raise serious question as to whether comments from individuals you have implicated have already been stigmatized by DNR and will not be given fair consideration during the permit process.

I am taking the liberty to e-mail this letter to some of my media contacts as well as other interested individuals.

Sincerely,

PRA_GSP01_0003177

George Matz

Attachments:

Proposal 121

BOF testimony on Proposal 121 by George Matz

PRA_GSP01_0003178

Unknown

From: govpalin@alaska.gov
Sent: Sunday, July 15, 2007 9:35 AM
To: Perry; Kristina Y (GOV); Todd Palin
Subject: Fw: B and C

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Frye, Ivy J (GOV)" <ivy.frye@alaska.gov>

Date: Sun, 15 Jul 2007 07:01:13

To:"Palin, Sarah (GOV sponsored)" <govpalin@alaska.gov>

Subject: Re: B and C

Governor,

I hope we can discuss this when you're in town on Monday.

----- Original Message -----

From: Palin, Sarah (GOV sponsored)

To: Frye, Ivy J (GOV)

Sent: Sun Jul 15 03:15:40 2007

Subject: B and C

Ivy: Privileged or Personal Material Redacted

Privileged or Personal Material Redacted

Thanks

PRA_GSP01_0003179

Unknown

From: Frye, Ivy J (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=IJFRYE]
Sent: Sunday, July 15, 2007 7:01 AM
To: 'govpalin@alaska.gov'
Subject: Re: B and C

Governor,

I hope we can discuss this when you're in town on Monday.

----- Original Message -----

From: Palin, Sarah (GOV sponsored)

To: Frye, Ivy J (GOV)

Sent: Sun Jul 15 03:15:40 2007

Subject: B and C

Ivy: Privileged or Personal Material Redacted
Privileged or Personal Material Redacted

Thanks

PRA_GSP01_0003180

Unknown

From: gov.sarah@yahoo.com
Sent: Sunday, July 15, 2007 2:49 AM
To: Irwin; Tom E (DNR); Rutherford; Martha K (DNR); Galvin; Patrick S (DOR)
Subject: Bitney

Bitney finally cleaned out his Juneau office, and upon hearing who he had gleefully assisting him with the task, a few more pieces of a puzzle come together. Kevin Jardell was his guy - and its making some sense that Kevin has been kept in some loops that harm administration's mission to clean up Juneau politics.

Don't waste your time reading the ADN blog, but know that entries there provide fodder for the media to write stories around - Kris and I looked at it recently and have been fascinated by one blogger's turn-around from his support of administration to his slamming of us the past few weeks, all because of Bitney's departure. The blogger is Paul Fuhs (he told us his pen name months ago) and he's done a one-eighty. Another blogger who all along has sounded like an "insider", but has been on a constant anti-AGIA rage, has got to be Jardell. And he knew and posted AGIA info before things were made public, and has been extremely critical of ethics reform and AGIA, posting in advance info that we talked about internally, but of course spinning it negatively.

Anyway, as more is revealed, more makes sense about some of the internal problems we had with communications.

Thanks guys - hope the weekend is refreshing for you!

Sent from my BlackBerry® device from Cellular One

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